

FINANCE
MEMORANDUM # 09-13

DATE: September 10, 2009

TO: Honorable Mayor Kathleen M. Novak and City Council Members

FROM: William A. Simmons, City Manager *WAS*
Shawn Cordsen, Finance Director *SC*
SuzAnne Garcia, Treasury Manager *SG*

SUBJECT: Elimination of the 1% Vendor Fee.

RECOMMENDATION:

Staff is recommending the elimination of the 1% Vendor Fee effective January 1, 2010.

BACKGROUND:

The Vendor Fee is best explained as an administrative rebate of sales tax which is provided to vendors that submit returns on or before the appropriate due date. Vendor Fees vary greatly amongst municipal governments. Several municipalities within the Metro-Area currently do not allow for Vendor Fees and given the current economy the State recently eliminated its Vendor Fee program in an effort to increase revenues. It has been estimated that the City would receive an additional \$214,000 annually should it choose to eliminate the current 1% vendor fee.

POTENTIAL OBJECTION:

City Staff is not aware of any specific opposition.

STAFF REFERENCE:

Please contact Shawn Cordsen, Finance Director at scordsen@northglenn.org (303) 450-8719.

SPONSORED BY: MAYOR NOVAK

COUNCILMAN'S BILL

ORDINANCE NO.

No. CB-1696
Series of 2009

Series of 2009

A BILL FOR AN ORDINANCE AMENDING SECTION 5-3-7, SUBSECTION (d) OF THE NORTHGLENN MUNICIPAL CODE TO DELETE THE CITY'S SALES TAX VENDOR'S FEE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. Section 5-3-7, subsection (d) of the Northglenn Municipal Code is amended to read as follows:

(d) Vendor Responsibility for Remittance of Tax. Every retailer or vendor engaged in business and selling at retail, as the same are defined in this Code, shall file a return as prescribed herein with the Director of Finance on or before the twentieth (20th) day of the month for the preceding month or months under report and remit the amount of tax imposed by Section 5-3-3 computed on the total of such sales and also the amount of any excess tax collections as provided in Section 5-3-15, ~~less one percent (1%) of the amount of taxes to be paid by him under this Code to cover the retailer's expense of collection and remittance of the tax; but if any vendor is delinquent in remitting said tax other than in unusual circumstances shown to the satisfaction of the Director of Finance, the vendors shall not be allowed to retain any amounts to cover his expense in collecting and remitting said tax and an amount equivalent to the full tax shall be remitted to the Director of Finance by any such delinquent vendor.~~ The retailer shall add the tax as a separate and distinct item and such tax shall be a debt from the consumer to the retailer and shall be recoverable at law in the same manner as other debts.

Section 2. Effective Date. This Ordinance shall go into effect on January 1, 2010.

INTRODUCED, READ AND ORDERED POSTED this ____ day of _____, 2009.

KATHLEEN M. NOVAK
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

PASSED ON SECOND AND FINAL READING this ____ day of _____,
2009.

KATHLEEN M. NOVAK
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:

COREY Y. HOFFMANN
City Attorney